Sonoma Clean Power Draft Implementation Plan Executive Summary

December 2012

The draft Implementation Plan (business plan) for Sonoma Clean Power was completed in October, 2012. In an effort to facilitate a broader understanding of the 54 page document, an abstract has been development below. The full version of the draft Implementation Plan is available at www.sonomacountywater.org/cca.

Aggregation Process and Key Points

Enrollment and Opt-Out: When the Sonoma Clean Power program (Program) is launched, all customers will have the opportunity to opt-out of participating in the Program. Customers will receive a minimum of 4 written notices informing them how to opt-out of the Program; two notices prior to having their accounts switched to Sonoma Clean Power and two after the switch has occurred.. If a customer opts-out after this initial period they may be assessed a one-time exit fee (\$5-\$25).

Billing and Rate Impacts: Program customers will pay power generation charges to the Program and no longer pay these charges to PG&E. Other charges, such as transmission and distribution charges, public goods charge, etc., which already are present on PG&E bills will remain and will continue to be paid to PG&E. Only the power generation charge will be switched over to the Program. Billing will continue to be serviced through PG&E. Renewable Energy Impacts: The power delivered through Sonoma Clean Power will have increased renewable energy content. The goal is to initiate the Program utilizing 33 percent renewable energy sources, increasing to over 50% renewable power by 2018. A 100% renewable power option will also be available for customers who wish to participate at this level.

Organizational Structure

Sonoma Clean Power will be a public, not-for-profit entity, governed by a Board of Directors. The Board of Directors will be comprised of elected officials, or their appointees, of the jurisdictions participating in the Program. Two additional standing committees will be established – a ratepayer's advisory committee and a business operations committee. A Chief Executive Officer will manage the Program and be responsible for all operations including electricity procurement, load forecasting, scheduling and risk management. In addition the CEO will manage all energy programs, financials, rate setting, customer communications, marketing and legal requirements.

Startup Plan and Funding

A number of activities will need to be funded prior to collecting ratepayer revenue. These include staff and contractors to perform tasks such as data management, communications, marketing, utilities switching functions, legal functions, load forecasting, billing, customer service and financial management. In addition, bonding requirements and service deposits will be required. The combined costs are estimated to be approximately \$2.5M. All start-up costs will ultimately be recovered through rates.

Program Phase-In

Program customers will be phased in over the course of two years to ensure a stable and smooth transition in Program operations. Out of the approximately 165,000 accounts in Sonoma County, 10,000 will be enrolled in Phase 1. After one year of operations an additional 65,000 accounts will be enrolled. One year later the remaining 90,000 Sonoma County accounts will enter the Program. All enrollment phases will include both residential and commercial accounts.

Load Forecasting and Resource Plan

Load Forecasting: Assuming a 20 percent opt-out rate during the three enrollment phases, a load forecast has been developed to guide electricity purchases. This forecast specifies a 384 GWh total demand in 2013 and ramping up to 2.034 GWh in 2023.

Resource Plan: The resource plan outlines the electricity profile to be secured through the Program. This plan specifies that the initial mix of power will consist of 33 percent renewable energy at the Program launch, ramping up to 50 percent renewable power content by 2018.

Financial Plan

Financing: Three financing rounds are anticipated to support the Program through the first several years. The first financing would fund startup costs (\$2.5M) and initial working capital (\$6.5M). The second and third rounds would fund enrollment phases 2 and 3 at \$10M and \$3M respectively.

Cash Flow: The cash flow analysis identifies the monthly cash requirements and expenditures for the first 10 years of Program operation. This analysis projects an initial program deficit of \$3.1M in 2013, moving into a cash positive position in 2014 with a net surplus of \$1.5M. By 2017 the projected program surplus is forecast at \$19.1M.

Rate setting and Program Terms and Conditions

Rates will be designed to be competitive, stable and equitable among customer classes, while sufficient to cover program expenses. Custom pricing may be developed for large commercial and industrial customers with specific load profiles or to assist in controlling their power cost. Additional rate structures such as net energy metering, feed in tariffs and solar cooperatives may be included in the Program offerings.

Customer Rights and Responsibilities

Opt-Out: Customers have the right to opt-out of the Program at any time. A total of four notices will be mailed to all customers informing them of the ability to opt-out at no charge. After the enrollment period, a one-time termination fee may be assessed of \$5 for residential accounts and \$25 for commercial accounts.

Confidentiality: All customer information will be treated in compliance with the California Public Utilities Commission required privacy protections for customers of Community Aggregators.

Procurement Process

The Program will enter into multi-year contracts to procure electricity, manage the scheduling of power loads, manage supply risks and the general day-to-day power supply operations. The Program will also contract the management of customer billing, a customer call center, data exchange with PG&E, account management and related functions.

Contingency Plan for Program Termination

In the event that the Program is to be terminated unexpectedly, customers would be notified within six months of their return to PG&E. A one year notice to PG&E and the California Public Utilities Commission is required prior to transferring customers and the Program would coordinate the process to ensure there is no service disruption. The Program will post a bond or maintain reserves sufficient to cover the costs of closing the program and switching customers back to PG&E.